

DAT Freight & Analytics

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The COVID-19 pandemic has provided an opportunity for shippers, brokers, and carriers to

experiment with new ways to match truckload capacity and demand, and to do so quickly. Initiatives that ordinarily would take months or years happened in rapid fashion.

As a result, we've seen three big changes in the truckload request for proposal (RFP) process in a short period of time.

First, this is the age of continuous procurement. In 2020, the number of weeks that the 150-plus

shippers in DAT iQ's Freight Market Intelligence Consortium (FMIC) entered new contract rates on more than 100 lanes doubled from the historical average. This suggests that procurement has become an operational function, rather than a purely strategic process.

Second, these off-cycle RFPs or "mini-bids" aren't just smaller versions of an annual RFP. Mini-bids are focused, simpler, and intended to find reliable capacity fast, while an RFP is more exploratory and open-ended.

Finally, the role of spot rates has grown well beyond simply a last resort for when a shipper's routing guide fails. Auto-tendering to sophisticated brokers using application programming interfaces (APIs) and real-time "rate guardrails" is a better method for procuring capacity on sporadic, inconsistent, and low-volume lanes than showing

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them in an annual RFP. DAT analysis shows that for most shippers, any lane that has an average of 12 or fewer loads in one year has a 40 to 70 percent probability of being terminated the next year. Dynamic procurement methods save time and valuable resources.

The annual RFP isn't dead, but it's not sufficient by itself anymore. The practice of continuous procurement, using a combination of both mini-bids and dynamic rates, accelerated during the pandemic and will be standard practice after the pandemic recedes.

Gulf Winds International

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It's very clear that labor has been one of the biggest challenges in 2021 and will continue to be in 2022.

The truck driver shortage in the United States has been a topic of conversation for years, but the disruption in 2021 has certainly highlighted this strain.

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The transportation industry is competing against better-paying jobs, in some cases with lower costs or fewer requirements to enter the industry. If carriers continue to improve driver compensation, that will directly impact the shortage.

The spotlight has never shined as brightly on the transportation industry as it is right now. The opportunity is now, and getting this corrected is an opportunity the industry can't miss.

IMC Companies

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The greatest wisdom in logistics comes from its frontline workers. Ask a customer service representative (CSR) in the morning what lessons were learned from this past year, and they will tell you.

As Marcie Hillyer, a five-star CSR at IMC Companies for over 30 years, put it, "I'm so burned out on all the excuses being made about this problem. I heard someone griping in the store about empty shelves and was compelled to give her a quick lesson on intermodal trucking. 'Stop complaining about your burned biscuits and make a new batch.'"

To put it another way, if a system is broken, wouldn't it be better to try doing things differently? The US freight transportation industry should think about more inland hubs; relays for smaller, more nimble vessels; short-haul options by rail to optimize driver and chassis capacity; peel-off piles and short-term storage of containers at terminals; chassis interoperability and fair market access; collaborating on empty



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equipment return; and hiring the next generation of diverse leadership in an industry that is begging for change.

The outlook and opportunity for US trucking is strong. The outlook is also met with concerns over driver count; according to the US Bureau of Labor Statistics, commercial drivers' licenses have fallen 5 percent from pre-pandemic levels. The translation is pretty straightforward: Truck capacity will be precious.

The risks for all trucking and intermodal providers include labor shortages and equipment imbalances. US trucking and rail will struggle as this wave of freight moves in and out. Effective and intentional balancing of equipment will be critical. Loads must

be met with evacuation of empties at our ports and rail terminals.

The balance of these assets is a critical component in freeing up chassis and space, and the result is greater driver efficiency and rail fluidity.

Shippers value the critical need for drivers and the urgency to have freight on shelves. They have been diligently working to secure capacity, offering to sign multi-year contracts, and seeking innovative ways to partner going forward.